

AMENDED IN ASSEMBLY APRIL 3, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2360

Introduced by Assembly Member Honda

February 24, 2000

An act to ~~amend Section 19521 of~~ *add Section 17053.95 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2360, as amended, Honda. ~~Income and bank and corporation tax laws: interest on overpayments and underpayments—~~*Income taxes: renter's credit: teachers and public safety officers.*

The Personal Income Tax Law authorizes a renter's credit against the taxes imposed by that law.

This bill would provide an additional renter's credit, in an amount equal to \$500, for entry-level teachers and public safety officers, as provided.

This bill would take effect immediately as a tax levy.

~~Existing income and bank and corporation tax laws, in modified conformity to federal income tax laws, specify how to determine the applicable interest rates with respect to certain overpayments and underpayments.~~

~~This bill would provide additional conformity to those federal income tax laws relating to elimination of interest on overlapping periods of tax overpayments and underpayments.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1.—Section 19521 of the Revenue and~~
2 *SECTION 1. Section 17053.95 is added to the Revenue*
3 *and Taxation Code, to read:*
4 *17053.95. (a) For a qualified renter, there shall be*
5 *allowed a credit against his or her “net tax” (as defined*
6 *in Section 17039). The amount of the credit shall be five*
7 *hundred dollars (\$500).*
8 *(b) For purposes of this section, a “qualified renter”*
9 *means an individual who is either an entry-level teacher*
10 *for students in grades kindergarten to 12, inclusive, or a*
11 *public safety officer, and who:*
12 *(1) Was a resident of this state, as defined in Section*
13 *17014, and*
14 *(2) Rented and occupied premises in this state which*
15 *constituted his or her principal place of residence during*
16 *at least 50 percent of the taxable year.*
17 *(c) The term “qualified renter” does not include any*
18 *of the following:*
19 *(1) An individual who for more than 50 percent of the*
20 *taxable year rented and occupied premises that were*
21 *exempt from property taxes, except that an individual,*
22 *otherwise qualified, is deemed a qualified renter if he or*
23 *she or his or her landlord pays possessory interest taxes,*
24 *or the owner of those premises make payments in lieu of*
25 *property taxes that are substantially equivalent to*
26 *property taxes paid on properties of comparable market*
27 *value.*
28 *(2) An individual whose principal place of residence*
29 *for more than 50 percent of the taxable year is with any*
30 *other person who claimed that individual as a dependent*
31 *for income tax purposes.*
32 *(3) An individual who has been granted or whose*
33 *spouse has been granted the homeowners’ property tax*
34 *exemption during the taxable year. This paragraph does*
35 *not apply to an individual whose spouse has been granted*

1 *the homeowners' property tax exemption if each spouse*
2 *maintained a separate residence for the entire taxable*
3 *year.*

4 *(d) Any otherwise qualified renter who is a*
5 *nonresident for any portion of the taxable year shall claim*
6 *the credits set forth in subdivision (a) at the rate of*
7 *one-twelfth of those credits for each full month that*
8 *individual resided within this state during the taxable*
9 *year.*

10 *(e) Every person claiming the credit provided in this*
11 *section shall, as part of that claim, furnish that information*
12 *as the Franchise Tax Board prescribes on a form supplied*
13 *by the board.*

14 *(f) The credit provided in this section shall be claimed*
15 *on returns in the form as the Franchise Tax Board may*
16 *from time to time prescribe.*

17 *(g) For the purposes of this section, the term*
18 *"premises" means a house or a dwelling unit used to*
19 *provide living accommodations in a building or structure*
20 *and the land incidental thereto, but does not include land*
21 *only, unless the dwelling unit is a mobilehome. The credit*
22 *is not allowed for any taxable year for the rental of land*
23 *upon which a mobilehome is located if the mobilehome*
24 *has been granted a homeowners' exemption under*
25 *Section 218 in that year.*

26 *(h) For each taxable year beginning on or after*
27 *January 1, 2001, the Franchise Tax Board shall recompute*
28 *the adjusted gross income amounts set forth in*
29 *subdivision (a). That computation shall be made as*
30 *follows:*

31 *(1) The California Department of Industrial Relations*
32 *shall transmit annually to the Franchise Tax Board the*
33 *percentage change in the California Consumer Price*
34 *Index for all items from June of the prior calendar year to*
35 *June of the current year, no later than August 1 of the*
36 *current calendar year.*

37 *(2) The Franchise Tax Board shall compute an*
38 *inflation adjustment factor by adding 100 percent to that*
39 *portion of the percentage change figure which is*

1 furnished pursuant to paragraph (1) and dividing the
2 result by 100.

3 (3) The Franchise Tax Board shall multiply the
4 amount in subparagraph (B) of paragraph (1) of
5 subdivision (d) for the preceding taxable year by the
6 inflation adjustment factor determined in paragraph (2),
7 and round off the resulting products to the nearest one
8 dollar (\$1).

9 (4) In computing the amounts pursuant to this
10 subdivision, the amounts provided in subparagraph (A)
11 of paragraph (1) of subdivision (a) shall be twice the
12 amount provided in subparagraph (B) of paragraph (1)
13 of subdivision (a).

14 SEC. 2. This act provides for a tax levy within the
15 meaning of Article IV of the Constitution and shall go into
16 immediate effect.

17 Taxation Code is amended to read:

18 19521. (a) The rate established under this section
19 (referred to in other code sections as “the adjusted annual
20 rate”) shall be determined in accordance with Section
21 6621 of the Internal Revenue Code, except that:

22 (1) The overpayment rate specified in Section
23 6621(a)(1) of the Internal Revenue Code shall be
24 modified to be equal to the underpayment rate
25 determined under Section 6621(a)(2) of the Internal
26 Revenue Code; and

27 (2) The determination specified in Section 6621(b) of
28 the Internal Revenue Code shall be modified to be
29 determined semiannually as follows:

30 (A) The rate for January shall apply during the
31 following July through December, and

32 (B) The rate for July shall apply during the following
33 January through June.

34 (b) (1) For purposes of this part, Part 10
35 (commencing with Section 17001), Part 11 (commencing
36 with Section 23001), and any other provision of law
37 referencing this method of computation, in computing
38 the amount of any interest required to be paid by the state
39 or by the taxpayer, or any other amount determined by

1 ~~reference to that amount of interest, that interest and~~
2 ~~that amount shall be compounded daily.~~

3 ~~(2) Paragraph (1) shall not apply for purposes of~~
4 ~~computing the amount of any addition to tax under~~
5 ~~Section 19136 or 19142.~~

6 ~~(e) Section 6621(e) of the Internal Revenue Code,~~
7 ~~relating to increase in underpayment rate for large~~
8 ~~corporate underpayments, is modified as follows:~~

9 ~~(1) The applicable date shall be the 30th day after the~~
10 ~~earlier of either of the following:~~

11 ~~(A) The date on which the proposed deficiency~~
12 ~~assessment is issued.~~

13 ~~(B) The date on which the notice and demand is sent.~~

14 ~~(2) This subdivision shall apply for purposes of~~
15 ~~determining interest for periods after December 31, 1991.~~

16 ~~(3) Section 6621(c)(2)(B)(iii) of the Internal~~
17 ~~Revenue Code shall apply for purposes of determining~~
18 ~~interest for periods after December 31, 1998.~~

19 ~~(d) (1) Section 6621(d) of the Internal Revenue~~
20 ~~Code, as added by Public Law 105-206, relating to~~
21 ~~elimination of interest on overlapping periods of tax~~
22 ~~overpayments and underpayments, shall apply except~~
23 ~~“tax imposed by this title” shall be replaced with “tax~~
24 ~~imposed under this part, Part 10 (commencing with~~
25 ~~Sections 17001), or Part 11 (commencing with Section~~
26 ~~23001).”~~

27 ~~(2) (A) Except as provided in subparagraph (B), the~~
28 ~~amendments made by the act adding this subdivision~~
29 ~~shall apply to interest for periods beginning after the~~
30 ~~effective date of the act adding this subdivision.~~

31 ~~(B) Subject to any applicable statute of limitation not~~
32 ~~having expired with regard to either a tax underpayment~~
33 ~~or a tax overpayment, the amendments made by the act~~
34 ~~adding this subdivision shall apply to interest for periods~~
35 ~~beginning before the date of the enactment of the act~~
36 ~~adding this subdivision if the taxpayer does both of the~~
37 ~~following:~~

38 ~~(i) Reasonably identifies and establishes periods of the~~
39 ~~tax overpayments and underpayments for which the zero~~
40 ~~rate applies.~~

1 (ii) ~~Not later than December 31, 2001, requests in~~
2 ~~writing that the Franchise Tax Board apply this~~
3 ~~subdivision.~~

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